



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0212	Title:	Revise late filing penalties and extension laws
Primary Sponsor:	Sales, Scott	Status:	As Introduced

- ☐ Significant Local Gov Impact
 ☐ Needs to be included in HB 2
 ☐ Technical Concerns
☐ Included in the Executive Budget
 ☐ Significant Long-Term Impacts
 ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$167,000)	(\$265,000)	(\$265,000)	(\$265,000)
Net Impact-General Fund Balance:	<u>(\$167,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>

Description of fiscal impact: This bill would change the threshold for penalty and interest, for taxpayers who request an extension of time to file individual income tax returns but do not pay all tax due by the normal filing deadline. This would reduce general fund revenue by \$167,000 in FY 2016 and by \$265,000 in later years.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. A taxpayer who requests an extension of time for filing their individual income tax return generally is required to pay tax for the year by the regular filing deadline. Current law waives penalty and interest for late payment if the taxpayer's tax liability for the year is \$200 less. This bill would change the waiver condition to the taxpayer having a net outstanding balance for the year of \$200 or less.
2. Returns for TY 2013 were examined in cases where the return was filed between the regular deadline and the extension deadline and late payment penalty or interest was assessed. Penalty and interest on those where the outstanding balance for the year was \$200 or less was tabulated. The total was approximately

\$265,000. If SB 212 had been in effect for TY 2013, general fund revenue would have been \$265,000 lower.

3. This bill does not have an effective date, so it would be effective October 1, 2015. This is two weeks before the extension deadline for TY 2014 returns. Of penalty and interest on TY 2013 returns that would not have been assessed under this bill, \$167,000 was on returns filed in the last two weeks before the extension deadline.
4. The department would waive \$167,000 in penalty and interest on TY 2014 returns filed in October of 2015, which is in FY 2016.
5. For FY 2017 and following years, the revenue reduction is assumed to be \$265,000.
6. Changes to tax forms and instructions would be made as part of the normal annual update process with no additional costs. Changes to the department's data processing system would require 40 hours of developer time which would be absorbed within the existing budget.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Fiscal Impact:</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Department of Revenue				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	<u>(\$167,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>
TOTAL Revenues	<u>(\$167,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	<u>(\$167,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>	<u>(\$265,000)</u>

Sponsor's Initials

Date

Budget Director's Initials

Date